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November 24, 2003

**RECEIVED**

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PUBLIC SERVICE  
COMMISSION

Mr. Thomas M. Dorman  
Executive Director  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40601

Re: Case No. 2003-00224

Dear Mr. Dorman:

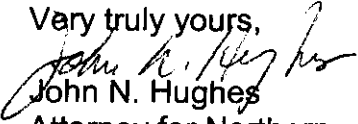
Attached are the bid evaluations and consultant's recommendation; bid documents; and engineering agreements related to Customer Information System and Billing System (CIS) project, which is referenced as Project 64 of Exhibit O of the Petition.

This project does not include construction of any facilities. It only involves procurement of software and technical consulting services. The Petition incorrectly identified this project as needing a certificate of convenience and necessity. However, only approval for financing is necessary. Because the project is critical to the District's operations and the current service provider will cease to furnish billing services on June 24, 2004, it is crucial that this project proceed as rapidly as possible. The attached letter from MALCOLM PIRNIE, INC., the technical consultant for the project, explains the time needed to complete the project and the importance of immediate action by the District.

The District requests that it be granted interim approval of the financing of this project, if necessary, so that there will be no loss of billing service to the District.

If there are any questions about this, please contact me.

Very truly yours,

  
John N. Hughes  
Attorney for Northern  
Kentucky Water District

Attachments

Cc: Attorney General



November 14, 2003

Commissioners Huelsmann, Gillis, and Spurlin  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

Re: Replacement Customer Information System/Utility Billing System for Northern Kentucky Water District.

Dear Sirs:

Malcolm Pirnie, Inc. has been assisting Northern Kentucky Water District (NKWD) with selection, procurement and implementation of a Customer Information System/Utility Billing (CIS/Billing) application. The CIS/Billing application is used to manage customer information and determine customer water consumption for purposes of billing and payment receipt. The new application will replace the current CIS/Billing system, which will be decommissioned June 24, 2004.

We have recently completed the initial phase of this project, in which a public bid for software and services was developed and solicited. Vendor bids were initially reviewed and ranked; the three most highly qualified vendors were identified and invited to perform a product demonstration for NKWD's selection committee. The steering committee subsequently ranked each of the top vendors based on their product demonstration.

At the conclusion of this phase, we sought and obtained approval from the Board of Commissioners to negotiate with Advanced Utility Systems for licensing and implementation of "CIS Infinity" as NKWD's CIS/Billing system software. Malcolm Pirnie is currently assisting NKWD in contract negotiations.

It is our experience that a software implementation of this magnitude typically requires twelve months from the initial start date of the project to when the system is available for production billing. We have compressed our project timeline to accommodate for termination of the current contract, however it is very important that we are able to commence our project immediately after successful execution of the agreement between NKWD and Advanced Utility Systems. Any delay in our project may compromise NKWD revenue and impact customer service.



Kentucky Public Service Commission

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We respectfully request that the PSC expedite approval of this contract so that the project can commence as soon as possible.

Very truly yours,

MALCOLM PIRNIE, INC.

A handwritten signature in black ink, appearing to read 'Thomas I. Sinning'. The signature is fluid and cursive, with a large loop at the end.

Thomas I. Sinning  
Consultant

TIS

4775002